Common Carrier Bureau Forum on
Combination of Unbundled Network Elements
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I am Gary Ball, Vice President of Regulatory Policy for WorldCom, which, in addition to being an interexchange carrier, is the largest of the facilities-based competitive local exchange carriers. I am here to present WorldCom's views on the proposals by the incumbent LECs to require competitors to utilize collocation arrangements as a means of combining unbundled elements. Collocation is a subject with which I have a great deal of familiarity, having begun my telecommunications career handling collocation issues for an incumbent local telephone company before moving to the competitive side of the industry to handle those same issues, first with Teleport and later with MFS, which is now part of WorldCom.

I would like to focus for a moment on the "big picture" impacts that the incumbent LECs' combinations through collocation proposals would have on competition. We heard earlier about how the ability to combine unbundled network elements in a cost effective manner can open the door to wide-spread local competition. I will not repeat those benefits here. From a practical perspective, the incumbents' collocation requirement will eliminate the prospects of providing this broad scale local competition in the short term due to the excessive additional costs and the numerous implementation issues related to establishing and utilizing collocation arrangements. At the same time, it would needlessly exhaust the already scarce collocation space available to competitors.

With respect to the statutory issues related to combining network elements, Section 251(c)(3) of the Act states that incumbent LECs must provide nondiscriminatory access to unbundled network elements at any technically feasible point in a manner that allows requesting carriers to combine such elements. My first observation is that since the incumbent LECs do not use collocation arrangements to combine elements for their own services, there are clearly other technically feasible means of combining elements. There is nothing in the subsequent FCC or court interpretations of the Act that supports the ILECs claims that collocation is the only means of combining elements.

The second point that I would like to make is that a collocation requirement cannot satisfy the statute's nondiscrimination requirement and does not provide competitors with a meaningful opportunity to compete. Combining elements through collocation would provide inferior service to competitors as compared to what the ILECs provide themselves. This discrimination occurs in three major areas: degraded customer service, limitations on access to facilities, and additional costs.

Customer service issues are crucial both in promoting competition and also in protecting the interests of customers. The taking of an existing customer, who is already connected to the ILEC's network, and physically disconnecting that customer's service and rerouting it through a collocation arrangement that may be on a different floor of the building or even outside the central office, will cause that customer's service to be degraded. First, the customer has been taken out of service during the physical cutover. Second, additional points of failure have been added to the customer's line. Third, the length of the customer's loop has been increased, adding potential loss to the line. And fourth, the customer, who may have been served via a fiber-optic distribution network and state of the art remote digital loop carrier system, will now most likely be served over an old copper loop, as integrated digital loop carrier systems currently cannot currently be physically separated from the switches that they are integrated with. Clearly, any viable alternative that does not place customers in such a precarious position should be strongly considered.

The next point that I would like to make is that collocation space is already a very scarce resource. Most ILECs have indicated that many of their key central offices are already out of available space. Requiring collocation for the sole purpose of combining elements will limit the available space for facilities based-carriers wishing to utilize unbundled loops or other elements.

Even with the current demand for collocation, ILECs generally take 6 to 9 months to install a collocation cage. Imagine if demand were increased tenfold to meet the new requirements of collocating to combine elements. Competition would only be available to those lucky few customers who happen to be served out of a central office where a competitor is already collocated. The rest of the nation would have to wait until the massive backlog of collocation orders was cleared. Clearly, this would not be an approach that would bring broad competition quickly, if ever.

Regarding costs, anyone who has worked with the issues of collocation tariffs knows that establishing collocation cages is very costly, including costs of cage construction, floor space, power, cabling, and equipment. Nonrecurring costs alone often exceed $100,000, and in instances where special construction or conditioning is required, these costs can approach $1,000,000.

My final point is that a collocation requirement would not be consistent with the Eighth Circuit's holding that a competing provider may provide service entirely through the use of unbundled network elements. The whole premise of collocation is that it allows a competitor to place its own facilities in the central office of an ILEC. As the Massachusetts DPUC correctly found, requiring collocation also means requiring the use of the competitors facilities, which is entirely inconsistent with the Eighth Circuit's ruling.

To sum up, collocation requirements will impact both the availability of broad-based competition and will needlessly waste collocation resources. Requiring competitors to perform unnecessary functions that compromise service quality cannot be supported by anyone favoring competition in the local telecommunications marketplace.